



Dave Yost • Auditor of State

VILLAGE OF GREENWICH
HURON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Greenwich, Huron County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Greenwich, Huron County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 17, 2017

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$152,758	\$7,684	\$160,442
Municipal Income Taxes	168,977	56,231	225,208
Intergovernmental	71,233	62,225	133,458
Charges for Services		7,250	7,250
Fines, Licenses and Permits	63,022	258	63,280
Earnings on Investments	3,067	187	3,254
Miscellaneous	13,346	2,534	15,880
<i>Total Cash Receipts</i>	<u>472,403</u>	<u>136,369</u>	<u>608,772</u>
Cash Disbursements			
Current:			
Security of Persons and Property	299,262	1,412	300,674
Public Health Services	1,383	6,381	7,764
Leisure Time Activities	411	5,970	6,381
Transportation		91,238	91,238
General Government	138,771	4,686	143,457
<i>Total Cash Disbursements</i>	<u>439,827</u>	<u>109,687</u>	<u>549,514</u>
<i>Net Change in Fund Cash Balances</i>	32,576	26,682	59,258
<i>Fund Cash Balances, January 1</i>	<u>274,478</u>	<u>269,239</u>	<u>543,717</u>
Fund Cash Balances, December 31			
Restricted		290,168	290,168
Committed		5,753	5,753
Assigned	273,857		273,857
Unassigned	33,197		33,197
<i>Fund Cash Balances, December 31</i>	<u><u>\$307,054</u></u>	<u><u>\$295,921</u></u>	<u><u>\$602,975</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,151,717		\$2,151,717
Miscellaneous	3,608		3,608
<i>Total Operating Cash Receipts</i>	<u>2,155,325</u>		<u>2,155,325</u>
Operating Cash Disbursements			
Personal Services	199,192		199,192
Employee Fringe Benefits	113,457		113,457
Contractual Services	1,347,090		1,347,090
Supplies and Materials	187,642		187,642
<i>Total Operating Cash Disbursements</i>	<u>1,847,381</u>		<u>1,847,381</u>
<i>Operating Income</i>	<u>307,944</u>		<u>307,944</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	604	\$2,744	3,348
Intergovernmental		289	289
Principal Retirement	(57,492)		(57,492)
Interest and Other Fiscal Charges	(2,427)		(2,427)
Other Financing Sources		2,001	2,001
Other Financing Uses		(3,036)	(3,036)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(59,315)</u>	<u>1,998</u>	<u>(57,317)</u>
<i>Net Change in Fund Cash Balances</i>	248,629	1,998	250,627
<i>Fund Cash Balances, January 1</i>	<u>1,933,521</u>	<u>436</u>	<u>1,933,957</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,182,150</u></u>	<u><u>\$2,434</u></u>	<u><u>\$2,184,584</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$156,139	\$7,674	\$163,813
Municipal Income Taxes	166,801	55,601	222,402
Intergovernmental	68,938	55,647	124,585
Charges for Services		6,080	6,080
Fines, Licenses and Permits	66,158	385	66,543
Earnings on Investments	2,852	225	3,077
Miscellaneous	11,909	4,454	16,363
<i>Total Cash Receipts</i>	<u>472,797</u>	<u>130,066</u>	<u>602,863</u>
Cash Disbursements			
Current:			
Security of Persons and Property	270,899	845	271,744
Public Health Services	4,544	7,094	11,638
Leisure Time Activities	489	6,348	6,837
Transportation		72,919	72,919
General Government	126,680	3,480	130,160
Capital Outlay	340	554	894
<i>Total Cash Disbursements</i>	<u>402,952</u>	<u>91,240</u>	<u>494,192</u>
<i>Net Change in Fund Cash Balances</i>	69,845	38,826	108,671
<i>Fund Cash Balances, January 1</i>	<u>204,633</u>	<u>230,413</u>	<u>435,046</u>
Fund Cash Balances, December 31			
Restricted		264,008	264,008
Committed		5,231	5,231
Assigned	238,894		238,894
Unassigned	35,584		35,584
<i>Fund Cash Balances, December 31</i>	<u>\$274,478</u>	<u>\$269,239</u>	<u>\$543,717</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$2,187,729		\$2,187,729
Miscellaneous	23,059		23,059
<i>Total Operating Cash Receipts</i>	<u>2,210,788</u>		<u>2,210,788</u>
Operating Cash Disbursements			
Personal Services	193,724		193,724
Employee Fringe Benefits	111,760		111,760
Contractual Services	1,208,232		1,208,232
Supplies and Materials	304,375		304,375
<i>Total Operating Cash Disbursements</i>	<u>1,818,091</u>		<u>1,818,091</u>
<i>Operating Income</i>	<u>392,697</u>		<u>392,697</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	625	\$2,740	3,365
Intergovernmental		288	288
Miscellaneous Receipts	6,597		6,597
Capital Outlay	(16,647)		(16,647)
Principal Retirement	(79,130)		(79,130)
Interest and Other Fiscal Charges	(5,306)		(5,306)
Other Financing Sources		1	1
Other Financing Uses		(3,102)	(3,102)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(93,861)</u>	<u>(73)</u>	<u>(93,934)</u>
<i>Net Change in Fund Cash Balances</i>	298,836	(73)	298,763
<i>Fund Cash Balances, January 1</i>	<u>1,634,685</u>	<u>509</u>	<u>1,635,194</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,933,521</u>	<u>\$436</u>	<u>\$1,933,957</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Greenwich, Huron County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, street construction, repair, and maintenance, and public health services, water, sewer, and electric utilities, park operations, and police services.

The Village participates in two jointly governed organizations and the Public Entities Pool of Ohio public entity risk pool. Notes 8 and 9 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Tri-Community Joint Fire District provides fire protection and rescue services.

Tri-Community Ambulance District provides emergency medical services.

Public Entity Risk Pool:

Public Entities Pool of Ohio provides property and casualty coverage for its members.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(D) permit.

C. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Electric Operating Fund – This fund receives charges for services from residents and outside users to cover the cost of providing this utility.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for monies received from insurance companies and subsequently disbursed to property owners net of any costs incurred to repair, remove, or secure the building or other structure and library levy proceeds collected on behalf of and remitted to Huron County Community Library.

D. Budgetary Process

The Ohio Revised Code requires each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	\$108,814	(\$5,016)
Certificates of deposit	630,250	630,250
Other time deposits (savings accounts)	2,048,495	1,852,440
Total deposits	<u>\$2,787,559</u>	<u>\$2,477,674</u>

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$372,866	\$472,403	\$99,537
Special Revenue	284,753	136,369	(148,384)
Enterprise	2,018,050	2,155,929	137,879
Total	\$2,675,669	\$2,764,701	\$89,032

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$611,760	\$442,519	\$169,241
Special Revenue	591,918	109,932	481,986
Enterprise	3,943,053	1,910,540	2,032,513
Total	\$5,146,731	\$2,462,991	\$2,683,740

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$359,851	\$472,797	\$112,946
Special Revenue	302,384	130,066	(172,318)
Enterprise	2,089,250	2,218,010	128,760
Total	\$2,751,485	\$2,820,873	\$69,388

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$544,250	\$404,397	(\$139,853)
Special Revenue	551,266	91,511	(459,755)
Enterprise	3,721,544	1,920,566	(1,800,978)
Total	\$4,817,060	\$2,416,474	(\$2,400,586)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$569,706	0 - 3.49%
Ohio Public Works Commission Loans	<u>417,505</u>	0%
Total	<u><u>\$987,211</u></u>	

The Ohio Water Development Authority (OWDA) loans relate to the construction of a water tower, a sewer separation project, and sewer improvements. The loans will be repaid in semiannual installments of \$11,282, \$1,589, and \$11,621, respectively, including interest, as applicable, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) zero interest loans relate to a sanitary collector line replacement, a storm sewer separation, a water line improvement, and sanitary sewer separation and improvement projects. The loans will be repaid in semiannual installments of \$3,047, \$3,750, \$1,929, \$1,463, \$3,811, and \$3,700 over 20 to 25 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>OWDA Loans</u>	<u>OPWC Loans</u>
2016	\$ 48,983	\$ 17,700
2017	48,983	35,401
2018	48,983	35,401
2019	48,983	29,306
2020	48,983	29,306
2021-2025	165,945	133,350
2026-2030	128,921	81,541
2031-2035	46,482	37,000
2036-2038	18,500	18,500
Total	<u><u>\$ 586,263</u></u>	<u><u>\$ 417,505</u></u>

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Rev. Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Rev. Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

B. Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Rev. Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OP&F participants contributed 10.75% of their wages through June 30, 2014, 11.5% of their wages from July 1, 2014 through June 30, 2015, and 12.25% of their wages beginning July 1, 2015. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

C. Social Security

Several of the Village's officials contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

Risk Pool Membership

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$19,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$29,027	\$29,989

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. JOINTLY GOVERNED ORGANIZATIONS

Tri-Community Ambulance District

The Village of Greenwich, Greenwich Township, and Ripley Township each appoint a member to the Board of Trustees of Tri-Community Ambulance District (the Ambulance District). The Ambulance District provides emergency medical services to residents of these political subdivisions. Financial information can be obtained from Traci Montgomery, Clerk, Tri-Community Ambulance District, 3720 Edwards Road, Greenwich, Ohio 44837.

Tri-Community Joint Fire District

The Village of Greenwich, Greenwich Township, and Ripley Township each appoint a member to the Board of Trustees of Tri-Community Joint Fire District (the Fire District). The Fire District provides fire protection and rescue services within the Fire District and by contract to areas outside of the Fire District. Financial information can be obtained from Lisa Madison, Clerk, Tri-Community Joint Fire District, 49 Main Street, Greenwich, Ohio 44837.

10. AMERICAN MUNICIPAL POWER GENERATING PROJECT

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 800 kilowatts of a total 771,281 kilowatts, giving the Village a 0.10 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$138,913. The Village received a credit of \$33,313 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$36,180 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$69,420. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. Since March 31, 2014 the Village has made payments of \$69,420 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,064 and interest expense incurred on AMP's line-of-credit of \$198, resulting in a net impaired cost estimate at December 31, 2015 of \$1,262. The Village intends to repay these costs over the next year.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the of the cash balances, receipts, and disbursements by fund type of the Village of Greenwich, Huron County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 17, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 17, 2017

**VILLAGE OF GREENWICH
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness - Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2015:

- Library Levy Fund activity, including receipts (\$3,034), disbursements (\$3,036), opening fund balance (\$376), and ending fund balance (\$374) was reclassified from the Special Revenue Fund Type to the Fiduciary Fund Type (Agency Fund) to accurately reflect fund type classification in accordance with Government Accounting Standards Board Statement No. 54;
- Electric Operating Fund kilowatt hour taxes in the amount of \$67,205 were reclassified from Charges for Services receipts to Property and Other Local Taxes receipts in the amount of \$604 to properly report amounts collected from electric users outside Village limits and to Contractual Services disbursements in the amount of \$66,601 to properly report amounts collected from electric users inside Village limits paid to the General Fund; and
- Insurance Proceeds Fund Other Financing Sources were reclassified from Special Items to properly classify fire insurance proceeds received and held for distribution to property owner.

We also identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2014:

- Library Levy Fund activity, including receipts (\$3,029), disbursements (\$3,102), opening fund balance (\$449), and ending fund balance (\$376) was reclassified from the Special Revenue Fund Type to the Fiduciary Fund Type (Agency Fund) to accurately reflect fund type classification in accordance with Government Accounting Standards Board Statement No. 54; and
- Electric Operating Fund kilowatt hour taxes in the amount of \$70,165 were reclassified from Charges for Services receipts to Property and Other Local Taxes receipts in the amount of \$625 to properly report amounts collected from electric users outside Village limits and to Contractual Services disbursements in the amount of \$69,540 to properly report amounts collected from electric users inside Village limits paid to the General Fund.

These errors were not identified and corrected prior to the audit due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements, and where applicable, the Village's accounting records have been adjusted to reflect these changes.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statement and notes by the Fiscal Officer, to identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

**FINDING NUMBER 2015-001
(Continued)**

Additionally, the Fiscal Officer can refer to the Village Officer's Handbook at the following website address for guidance on the recording of transactions:
<http://www.ohioauditor.gov/publications/FINALVillageOfficerHandbook%203-21-17.pdf>.

Officials' Response:

The Fiscal Officer will perform a final review as part of the month end closing to determine if transactions have been recorded to the appropriate accounts.

FINDING NUMBER 2015-002

Significant Deficiency

The Village has entered into an agreement with Optotraffic, LLC, for automated speed enforcement services. These services include Optotraffic, LLC issuing citations, collecting fines, and remitting amounts collected to the Village. The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that citations have not been authorized or completely and fines accurately processed in accordance with its policies.

The collection and remittance of fine receipts is considered an accounting function, and Optotraffic, LLC is considered a service organization, within the scope of Statement of Standards for Attestation Engagements No. 16 *Reporting on Controls at a Service Organization* (SSAE No. 16). SSAE No. 16 prescribes standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls (SOC 1) in accordance with SSAE No. 16 should provide the Village with reasonable assurance that transactions are processed completely and accurately by its service organization. Optotraffic LLC has not provided an SOC 1 or similar report to the Village.

We recommend the Village require a Type Two Service Organization Controls (SOC 1) report in its contract with the service organization. The report should follow the American Institute of Certified Public Accountants' standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. The Village should review the SOC 1 report timely in order to properly monitor the activity of its service organization.

Absent an SOC 1 report, the Village may implement procedures to review the activity of its service organization including but not limited to:

- Comparing citations approved by the Village to those issued by Optotraffic, LLC to ensure all approved citations have been properly issued;
- Reviewing collections to ensure amounts collected represent citations issued by the Village; and
- Reviewing amounts collected to determine fine amount is in accordance with authorized rates.

**FINDING NUMBER 2015-002
(Continued)**

The Village should retain copies of documentation supporting the extent and result of reviews performed.

Official's Response:

The Village will contact Optotraffic, LLC and request access to reports that may be used to monitor activity.

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VILLAGE OF GREENWICH

HURON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 6, 2017